(SHRI M. V. CHANDRASEKARA MURTHY): (a), (b) and (d) In an economy in which cross border capital inflows are allowed, the management structure and shareholding pattern of individual companies are determined by the shareholders subject to SEBI's (Substantial Acquisition of Shares and Takeover) regulations 1994. Further the acquisition of equity of Indian copmpanies on a preferential basis is subject to SEBI's guidelines of 4th August, 1994, which stipulate a 5 year lock-in period plus a market based pricing formula. The New Industrial Policy of July, 1991, recognised foreign direct investment as an important instrument of technology transfer and industrial development leading to growth in income and employment.

(c) There is no proposal to lease out the Pentcillin-G facilities of Hindustan Antibiotics Limited (HAL) to MAX-GB Ltd. The proposal is for upgradation of the technology of the Penicillin-G plant of HAL through a joint venture between HAL and MAX-GB Limited, in which HAL will have 50 per cent equity share and the Pen. G. facilities will be leased out to this joint venture.

Impact of increasing money supply on inflation

1143. SHRI B. K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) what has been the impact of increasing money supply on inflation during the last three years;

(b) whether the financial sector reforms have brought about significant development as discernible by the masses; and

(c) whether after passing the Recovery of Dots due to Banks and FIs the banks and FIs have been strengthen?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Growth in money supply declined from 19.3 per cent in 1991-92 to 15.7 per cent in 1992-93 but again rose to 18.2 per cent in 1990-94. Rate of inflation as measured by annual percentage change in wholesale price index number declined from 13.6 per cent in 1991-92 to 7 per cent in 1992-93 but picked up again to 10.8 per cent at the end of 1993-94. However, it is difficult to establish a one to one correspondence between growth in money supply and inflation. The general supply constraints, output shortfalls and administered price increases are among other important factors responsible for inflation.

(b) The financial sector reforms which aim at increasing the allocative efficiency and competitiveness of the financial system are expected to strengthen the financial institutions and improve customers' service by them ad ultimately benefit the people as savers and users of funds.

(c) Special Debt Recovery Tribunals have been set up under the Recovery of Debts due to Banks and Financial Institutions Act, 1993. These tribunals are to adjudicate expeditiously the loan recovery cases of the banks and financial institutions. New prudential norms have made banks and financial institutions more prudent and accountable than ever before with regard to recovery of bad debts. The recovery performance was also one of the imptrtan-performance obligations laid down for the release of funds by the Government augment the capital base of the public sector banks.

Permission to MNCs to invest in INDIA

1144. SHRI S. S. AHLUWALIA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that, besides foreign banking companies, several multi-national financial corporations have also been allowed to do business in India;

(b) the names of such organisations who entered India since 1991, their respective countries of origin along with details of investments made by them so far in India;

(c) the details of the proportions of their investments made so far; and

(d) the details of the "DO" and "DO NOT" stipulated, if any in order to regulate the activities of such foreign financial companies in India?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Yes Sir.

(b) and (c) The information is being collected and will be laid on the Table of the House.

(d) Foreign financial companies in the area of Non-Banking financial services are required to conform to the rules and regulations relating to this area framed by the Reserve Bank of India and the Securities & Exchange Board of India which are applicable to both dtmestic companies as well as foreign financial companies

Devaluation of rupee

1146. SHRIMATI MIRA DAS:
SHRI CHIMANBHAI MEHTA:
SHRI G. G. SWELL:
SHRI SARADA' MOHANTY:
SHRIMATI RENUKA CHOWDHURY:
SHRI ANANTRAY DEV SHANKER DAVE:

Will the Minister of FINANCE be pleased to state:

(a) whether further devaluation of the rupee is being considered;

(b) if so, the details in this regard;

(c) whether devaluation is ruled out because country's foreign reserve stands at 20 Billion dollar;

(d) what were the factors that led to devaluation of rupee in 1991 and also in the past;

(e) whether Government would bring down the prices of export goods; if so, the details thereof;

(f) what are the factors that have inflated the prices of export goods;

(g) whether Government would firmly adhere to the policy of no further devaluation as long as balance of payment on trade account is manageable; and

(h) what is the estimated outgo and in flow of foreign exchange in coming year and thereafter upto the year 2000?.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) to (c) No, Sir. The exchange rate of the rupee is determined in the market and future movment in the exchange rate will be determined by the behaviour of the forces of demand and supply in the market.

(d) Persistent large current account deficits witnessed since the late eighties and rising inflation differentials between India and her major trading partners resulted in an erosion in India's international competitiveness. To restore the competitiveness of Indian exports, the rupee was devalued in July, 1991.

(e) The price of exportable goods is determined by factors of demand and supply in the market.

(f) The prices of exported goods are generally determined by conditions of supply and demand in World markets.

(g) The exchange rate of the rupee is determined in the market by forces of demand and supply.

(h) The balance of payments (BOP) provides a disaggregated picture of outgo and inflow of foreign